

Department of Energy

§611.111

order to make such financial and operational records and data available to the Secretary. In exercising its rights hereunder, the Secretary may utilize employees of other Federal agencies, independent accountants, or other persons.

(c) Loan funds are being expended efficiently and effectively if documentation submitted and audits conducted under this section demonstrate that the borrower is making appropriate progress toward achieving the purpose for which the loan was originally made.

§611.110 Assignment or transfer of loans.

(a) The Loan Documents may not be modified, in whole or in part, without the prior written approval of DOE.

(b) Upon prior written approval by DOE and the Federal Financing Bank, a certification by the assignor that the assignee is an Eligible Applicant as described in §611.100 of this part, and subject to paragraph (c) of this section and other provisions of this part, a Borrower may assign or transfer its interest in a loan provided under this part, including the loan documents, to a party that qualifies as an Eligible Applicant.

(c) The provisions of paragraph (b) of this section shall not apply to transfers which occur by operation of law.

§611.111 Default, demand, payment, and collateral liquidation.

(a) In the event that the Borrower has defaulted in the making of required payments of principal or interest, and such default has not been cured within the period of grace provided in the Agreement, DOE may cause the principal amount of the loan, together with accrued interest thereon, and all amounts owed to the United States by Borrower pursuant to the Agreement, to become immediately due and payable by giving the Borrower written notice to such effect.

(b) In the event that the Borrower is in default as a result of a breach of one or more of the terms and conditions of the Agreement, note, mortgage, or other contractual obligations related to the transaction, other than the Borrower's obligation to pay principal or interest on the loan, and DOE deter-

mines, in writing, that such a default has materially affected the rights of the parties, the Borrower shall be given the period of grace provided in the Agreement to cure such default. If the default is not cured during the period of grace, DOE may cause the principal amount of the loan, together with accrued interest thereon, and all amounts owed to the United States by Borrower pursuant to the Agreement, to become immediately due and payable by giving the Borrower written notice to such effect.

(c) In the event that the Borrower has defaulted as described in paragraphs (a) or (b) of this section and such default is not cured during the grace period provided in the Agreement, DOE shall notify the U.S. Attorney General. DOE, acting through the U.S. Attorney General, may seek to foreclose on the collateral assets and/or take such other legal action as necessary for the protection of the Government.

(d) If DOE is awarded title to collateral assets pursuant to a foreclosure proceeding, DOE may take action to complete, maintain, operate, or lease the Eligible Facilities, or otherwise dispose of any property acquired pursuant to the Agreement or take any other necessary action which DOE deems appropriate.

(e) In addition to foreclosure and sale of collateral pursuant thereto, the U.S. Attorney General shall take appropriate action in accordance with rights contained in the Agreement to recover costs incurred by the Government as a result of the defaulted loan or other defaulted obligation. Any recovery so received by the U.S. Attorney General on behalf of the Government shall be applied in the following manner: First to the expenses incurred by the U.S. Attorney General and DOE in effecting such recovery; second, to reimbursement of any amounts paid by DOE as a result of the defaulted obligation; third, to any amounts owed to DOE under related principal and interest assistance contracts; and fourth, to any other lawful claims held by the Government on such process. Any sums remaining after full payment of the foregoing shall be available for the benefit